

BRADLEY COUNTY "911"
EMERGENCY COMMUNICATIONS DISTRICT

AUDIT REPORT

TWELVE MONTHS ENDED JUNE 30, 2016

BRADLEY COUNTY "911"
EMERGENCY COMMUNICATIONS DISTRICT

CONTENTS

June 30, 2016

	<u>Page</u>
Roster of Board of Directors and Management	1
Independent Auditors' Report	2-3
Management's Discussion and Analysis	4-6
<u>Financial Section</u>	
Statement of Net Position	7
Statement of Revenues, Expenses and Changes in Net Position	8-10
Statement of Cash Flows	11-12
Notes to Financial Statements	13-24
<u>Required Supplementary Information</u>	
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios based on Participation in the Public Employee Pension Plan of TCRS	25
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS	26
Schedule of Postemployment Benefits Funding Progress	27
<u>Supplementary Information</u>	
Budgetary Comparison Schedule	28-30
<u>Internal Control and Compliance Section</u>	
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting	31-32
Schedule of Findings and Recommendations	33
Schedule of Prior Year Findings and Recommendations	34

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
ROSTER OF BOARD OF DIRECTORS AND MANAGEMENT
June 30, 2016

Troy Spence, Chairman

Tom Rowland, Vice Chairman

David Benton, Treasurer

Troy Maney, Secretary

Melinda Carroll, Member

Gary Davis, Member

Shawn Fairbanks, Member

Terry Forshee, Member

Mark Gibson, Member

Ron Harrison, Member

Rusty McMahan, Member

Johnny Stokes, Member

Eric Watson, Member

HARTING, BISHOP & ARRENDALE, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

KELVIN W. BISHOP, CPA
THOMAS H. ARRENDALE, CPA, MBA
JANICE L. HAYES, CPA

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
TENNESSEE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Bradley County "911" Emergency
Communications District

Report on the Financial Statements

We have audited the accompanying financial statements of Bradley County "911" Emergency Communications District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bradley County "911" Emergency Communications District, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6, schedule of changes in net pension liability (asset) and related ratios based on the participation in the public employee pension plan of TCRS on page 25, schedule of contributions based on participation in the public employee pension plan of TCRS on page 26, and the schedule of postemployment benefits funding progress on page 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

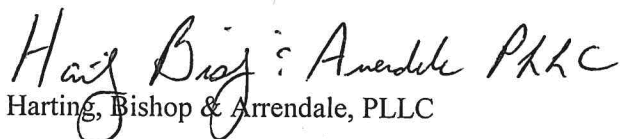
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Bradley County "911" Emergency Communications District's basic financial statements. The budgetary comparison schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison schedule is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2016, on our consideration of Bradley County "911" Emergency Communications District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bradley County "911" Emergency Communications District's internal control over financial reporting and compliance.


Harting, Bishop & Arrendale, PLLC

Cleveland, Tennessee
October 7, 2016

Bradley County 911 Communications Center

Joe Wilson
Director

Management's Discussion and Analysis

Our discussion and analysis of the Bradley County 911 Emergency Communications District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2016. This should be read in conjunction with the District's financial statements, which may be found elsewhere in this document.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net position and statement of revenues, expenses and changes in net position provide information about the activities of the District as a whole and present an overview of the District's finances.

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position

One of the most important questions asked about any entity's finances is: "How did the District do financially this year?" The statement of net position and statement of revenues, expenses and changes in net position report information in a way that helps answer this question. These statements include all assets and liabilities using accrual basis accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. Net position - the difference between assets and liabilities -- is one way to measure the District's financial health, or its financial position. Over time, increases or decreases to the District's net position are an indicator of whether its financial health is improving or deteriorating. An analysis of net position and changes in net position is as follows:

	<u>2016</u>	<u>2015</u>
Net Position		
Current assets	\$ 2,948,967	\$ 2,886,871
Capital assets	<u>440,561</u>	<u>536,578</u>
Total assets	<u>3,389,528</u>	<u>3,423,449</u>
Deferred outflows of resources	<u>189,626</u>	<u>103,170</u>
Current liabilities	(141,709)	(120,992)
Long-term liabilities	<u>(785,516)</u>	<u>(659,796)</u>
Total liabilities	<u>(927,225)</u>	<u>(780,788)</u>
Deferred inflows of resources	<u>(100,740)</u>	<u>(134,320)</u>
Net Position	<u>\$ 2,551,189</u>	<u>\$ 2,611,511</u>
Summary of net position		
Investment in capital assets	440,561	536,578
Restricted for other purposes	89,448	175,843
Unrestricted	<u>2,021,180</u>	<u>1,899,090</u>
Total Net Position	<u>\$ 2,551,189</u>	<u>\$ 2,611,511</u>
Change in Net Position		
Operating revenues	\$ 1,366,129	\$ 1,154,824
Operating expenses	<u>2,332,147</u>	<u>2,309,442</u>
Operating loss	(966,018)	(1,154,618)
Non-operating income	<u>905,696</u>	<u>1,105,136</u>
Change in Net Position	(60,322)	(49,482)
Net Position - beginning	<u>2,611,511</u>	<u>2,660,993</u>
Net Position - ending	<u>\$ 2,551,189</u>	<u>\$ 2,611,511</u>

Analysis of Financial Position and Results of Operations

The District's net position has decreased by \$60,322 over the previous year. Operating revenue increased 18.3% due to an increase in TECB funding received. Operating expenses increased 0.98% due to an increase in supplies and materials.

The District's Net Position

The District completed the year with net position of \$2,551,189, a decrease of \$60,322 over the previous year.

Budgetary Highlights

In order to prevent budget overruns, the final budget was amended. The significant changes were to dispatcher salary expenses, medical insurance, and retirement/pension expenses.

Capital Assets

At the end of the accounting period, the District had \$440,561 in capital assets such as communication and office equipment, furniture and fixtures and building and improvements. This amount represents a decrease of \$96,017 or 17.9%. This decrease is due to depreciation on capital assets.

Financial Activity and Plans for Future Needs

The ECD continued to improve building security and our computer systems. Plans were developed for a major improvement in our servers in the upcoming fiscal year. When the City of Cleveland's fiber network is complete, the ECD plans to tie into that system. This will provide faster performance and greater off-site backup of critical data. The ECD also plans to create a backup 911 center inside the Cleveland Police Department in the next fiscal year.

Our computer aided dispatch (CAD) vendor, VisionAIR, was bought out by TriTech. In the next fiscal year we will evaluate the CAD service of each and decide whether to move to the TriTech CAD platform or stay with VisionAIR.

Joseph B. Wilson, Jr.
Director

FINANCIAL SECTION

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS

Current Assets

Cash and cash equivalents	\$ 2,725,883
Certificates of deposit	131,364
Accounts receivable	1,386
Accrued interest receivable	227
Prepaid expense	659
Net pension asset	89,448
Total Current Assets	<u>2,948,967</u>

Capital Assets

Buildings and Improvements	51,646
Communications equipment	1,788,280
Furniture and fixtures	156,302
Leasehold improvements	40,877
Office equipment	76,118
Total Capital Assets	2,113,223
Accumulated Depreciation	<u>(1,672,662)</u>
Capital Assets, net	440,561
Total Assets	<u>3,389,528</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension changes in experience	105,893
Pension contributions after measurement date	83,733
Total Deferred Outflows of Resources	<u>189,626</u>

Total Assets and Deferred Outflows of Resources	<u>\$ 3,579,154</u>
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LIABILITIES

Current Liabilities

Accounts payable	\$ 18,482
TCRS payable	7,043
Accrued payroll	47,638
Compensated absences	68,546
Total Current Liabilities	141,709

Long-term Liabilities

Postemployment benefits obligations	785,516
Total Liabilities	<u>927,225</u>

DEFERRED INFLOWS OF RESOURCES

Pension changes in investment earnings	<u>100,740</u>
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NET POSITION

Investment in capital assets	440,561
Restricted for other purposes	89,448
Unrestricted	2,021,180
Total Net Position	<u>2,551,189</u>

Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 3,579,154</u>
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The accompanying notes are an integral part of this financial statement.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2016

OPERATING REVENUES

TECB distribution of 911 surcharges (base amount)	\$ 1,292,694
TECB distribution of excess revenue	24,906
Tower rental income	30,300
Cleveland State income	17,604
Miscellaneous income	625
Total Operating Revenues	<u>1,366,129</u>

OPERATING EXPENSES

Salaries and Wages

Director	80,827
Administrative personnel	124,455
Assistant director	56,311
Dispatchers/telecommunicators/calltakers	602,635
Dispatch supervisor personnel	131,647
Mapping/address personnel	33,515
NCIC personnel	42,085
Overtime	107,495
Bonuses	2,707
Supplemental pay	4,870
Longevity pay	19,598
Sold vacation pay	11,437
College pay	750
Total Salaries and Wages	<u>1,218,332</u>

Employee Benefits

Social security	72,854
Medicare	17,038
Life insurance	11,332
Medical insurance	150,771
Dental insurance	11,177
Vision Insurance	3,187
Retirement/pension expense	50,092
Postemployment health benefit expense	125,720
Other postemployment benefits	14,307
Laundry and dry cleaning	755
Flexible spending program	3,579
Total Employee Benefits	<u>460,812</u>

(Continued on next page)

The accompanying notes are an integral part of this financial statement.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended June 30, 2016

(continued from previous page)

Contracted Services

Audit services	8,500
Contracts for language interpreting	326
Fees paid to service providers	59,669
Impact payments to government agencies	87,550
Janitorial services	7,595
Legal services	8,880
Maintenance agreements	85,131
NCIC/TBI/TIES expenses	7,788
Printing	861
Computer system administration	113,994
Radio maintenance	6,000
Lease/Rental - communications equipment	<u>2,400</u>
Total Contracted Services	<u>388,694</u>

Supplies, Materials and Maintenance

Office supplies	7,647
Janitorial supplies	4,530
Postage	705
Equipment purchases not capitalized	7,902
Uniforms and shirts	5,026
Utilities - electric	14,546
Utilities - general telephone	21,005
Utilities - cell phone and pagers	11,097
Maintenance and repairs - communications equipment	4,140
Maintenance and repairs - buildings and facilities	5,842
Maintenance and repairs - office equipment	4,963
Donations - telecommunicator week	50
Computer software	837
Breakroom supplies	3,036
Safety supplies	1,008
Miscellaneous expense	<u>1,922</u>
Total Supplies and Materials	<u>94,256</u>

(Continued on next page)

The accompanying notes are an integral part of this financial statement.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended June 30, 2016

(continued from previous page)

Other Charges	
Dues and memberships	3,558
Employee testing and exams	4,196
Insurance - workers compensation	7,466
Insurance - liability	7,665
Insurance - buildings and content	3,681
Insurance - equipment	6,709
Insurance - vehicles	483
Premiums on surety bonds	3,689
Service awards	350
Training expense	5,831
Travel expenses	12,891
Advertising	917
Work sessions	1,442
Total Other Charges	<u>58,878</u>
Depreciation	
Depreciation expense	<u>111,175</u>
Total Depreciation	<u>111,175</u>
Total Operating Expenses	<u>2,332,147</u>
Operating Loss	<u>(966,018)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	4,249
Contributions from primary government	900,000
Contributions from other governments/agencies	9,090
Loss on disposal of property	<u>(7,643)</u>
Non-Operating Revenue (Expenses)	<u>905,696</u>
Change in Net Position	(60,322)
Net Position, beginning	<u>2,611,511</u>
Net Position, ending	<u>\$ 2,551,189</u>

The accompanying notes are an integral part of this financial statement.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2016

Cash Flows from Operating Activities	
Cash received from surcharges and other revenues	\$ 1,366,129
Cash payments to suppliers for goods and services	(540,756)
Cash payments for payroll, taxes and related benefits	<u>(1,567,451)</u>
Net Cash Used by Operating Activities	<u>(742,078)</u>
Cash Flows from Noncapital Financial Activities	
Contributions from primary government	900,000
Contributions from other governments	<u>9,090</u>
Net Cash Provided by Noncapital Financing Activities	<u>909,090</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	<u>(22,802)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(22,802)</u>
Cash Flows from Investing Activities	
Interest income received	<u>4,249</u>
Net Cash Provided by Investing Activities	<u>4,249</u>
Net Increase in Cash and Cash Equivalents	148,459
Cash and Cash Equivalents at Beginning of Year	<u>2,577,424</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,725,883</u>

(Continued on next page)

The accompanying notes are an integral part of this financial statement.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2016

Reconciliation of Operating Income (Loss) to Net Cash	
Provided (Used) by Operating Activities	
Operating loss	\$ (966,018)
Adjustments to reconcile net income (loss) to net cash	
provided (used) by operating activities	
Depreciation expense	111,175
Change in assets and liabilities:	
Decrease in receivables	111
Increase in prepaid expenses	(143)
Decrease in net pension asset	86,395
Increase in deferred outflows	(86,456)
Increase in accounts payable	1,136
Increase in TCRS payable	7,043
Increase in accrued payroll	10,983
Increase in compensated absences	1,556
Increase in postemployment health benefit liabilities	125,720
Decrease in deferred inflows	<u>(33,580)</u>
Net Cash Used by Operating Activities	<u>\$ (742,078)</u>

The accompanying notes are an integral part of this financial statement.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 - General Information

Public Chapter No. 867 of the 1984 Tennessee Public Acts ("The Emergency Communications District Law") was enacted to establish local emergency telephone services; to provide for the funding of such services and such district; and to provide for the levying of a telephone service charge. On July 1, 2001, the Cleveland/Bradley Communications Center and the Bradley County "911" Emergency Communications District, each originally created to serve such functions, merged to form one emergency communication entity. The District is an agency of the City of Cleveland, the City of Charleston, and Bradley County, Tennessee, from which it receives additional revenues.

NOTE 2 - Summary of Significant Accounting Policies

Basis of Accounting

The District is a governmental unit, subject to accounting directives issued by the Governmental Accounting Standards Board (GASB), and anticipates recovering the cost of its services in a manner similar to a private business enterprise. Therefore, the District uses the flow of economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred, regardless of timing of related cash flows. Operating revenues are those that result from the activities of the District, including telephone service charges, expense reimbursements, and grants for operations. Revenue from other sources is considered non-operating.

Cash and Cash Equivalents

Cash and cash equivalents are highly liquid investments which have original maturities of three months or less.

Use of Restricted Assets

It is the District's policy to first use restricted resources prior to the use of unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. Also, it is the District's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted net position classifications could be used.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Capital Assets

Expenditures for capital assets are recorded at historical cost. Capital assets are depreciated using the straight-line method. The District generally capitalizes assets with a cost of \$500 or more. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in non-operating revenues / (expenses).

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 2 - Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and improvements	7-25
Furniture and fixtures	5-25
Office Equipment	5-10
Communication equipment	5-10
Leasehold improvements	7-20

Joint Venture

Bradley County "911" Emergency Communications District is a joint venture between Bradley County, Tennessee and the Cities of Cleveland and Charleston, Tennessee. The District assists emergency service agencies in the saving of lives, protection of property, and swift apprehension of criminals for all citizens of Bradley County. The board consists of ten ex-officio members including: the County Mayor, the City of Cleveland Mayor, the City of Charleston Police Chief, the County Sheriff, the Cleveland Police Chief, the Cleveland Fire Chief, the Director of Emergency Medical Services, the Director of the Emergency Management Agency, Cleveland City Manager and Bradley County Fire Chief, along with three persons appointed by the County Mayor with the approval of the County Commission and the City of Cleveland Council.

Compensated Absences

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the District. Up to thirty days vacation may be carried forward into the following calendar year. Any excess accumulated vacation days are converted to sick leave. Each employee also has the option annually to convert up to 5 unused vacation days to cash. Employees are entitled to their accrued vacation leave upon termination of service. Compensated absences are reported as accrued in the District's financial statements.

Budgets and Budgetary Accounting

The District's Board approves an annual budget based upon anticipated revenues and estimated operating expenses. In accordance with the level of control established by the Tennessee Comptroller of the Treasury, operating expenses may not exceed the amount budgeted in each line item. Budgeted expenses may be amended, as needed, to meet changing needs.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Bradley County "911" Emergency Communications District's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 3 - Cash on Deposit

The treasurer of the District is responsible for receiving, disbursing, depositing and investing the District's funds. The District's policy related to deposits and investment risk is to invest in certificates of deposit usually with a maturity of three years or less. The District's policy is designed to maximize its earnings, while protecting the security and providing maximum liquidity, in accordance with all applicable state laws. All deposits with a bank or other financial institution shall be secured by collateral or in a collateral pool as allowed by state statutes. As of June 30, 2016 all deposits with financial institutions were secured by collateral or by State of TN Bank collateral pool.

A schedule of cash and investments classified by category of credit risk at June 30, 2016 is as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash, insured by Federal Depository Insurance (FDIC)	\$ 250,000	\$ 250,000
Cash, collateralized by the State of TN Bank Collateral Pool	2,475,833	2,499,375
Certificates of Deposit, insured by FDIC	131,364	131,364
Petty Cash	50	-
Total	<u>\$ 2,857,247</u>	<u>\$ 2,880,739</u>

NOTE 4 - Capital Assets

The following is a schedule of changes to capital assets:

	<u>June 30, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2016</u>
Buildings and improvements	\$ 41,459	\$ 10,188	\$ -	\$ 51,647
Communications equipment	1,903,116	12,614	125,616	1,790,114
Furniture and fixtures	156,302	-	-	156,302
Leasehold improvements	40,877	-	-	40,877
Office equipment	76,789	-	2,506	74,283
Total	<u>\$ 2,218,543</u>	<u>\$ 22,802</u>	<u>\$ 128,122</u>	<u>\$ 2,113,223</u>

	<u>Accumulated Depreciation June 30, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Accumulated Depreciation June 30, 2016</u>
Buildings and improvements	\$ 21,865	\$ 3,974	\$ -	\$ 25,839
Communications equipment	1,448,648	90,796	117,972	1,421,472
Furniture and fixtures	107,574	13,632	-	121,206
Leasehold improvements	36,904	-	-	36,904
Office equipment	66,974	2,773	2,506	67,241
Total	<u>\$ 1,681,965</u>	<u>\$ 111,175</u>	<u>\$ 120,478</u>	<u>\$ 1,672,662</u>

Provision for depreciation totaled \$111,175 for the year ended June 30, 2016.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 5 - Risk Management - Claims and Insurance

Significant losses are covered by commercial insurance for property, liability, and employee dishonesty. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current or the three prior years.

NOTE 6 - Lease Commitments

The District leases the land on which the communications center is located from Cleveland Utilities. The lease agreement provides that the annual rental shall be in the amount of \$1 per year payable in advance. The term of the lease, which originated October 25, 1996, is for a period of twenty years. The District has the option to renew the lease for one additional period of twenty years under the same terms and conditions as the original lease.

NOTE 7 - Impact Payments

The building used as the communications center for the District is owned by the City of Cleveland, Tennessee. The City issued bonds in the amount of \$1.1 million to finance the construction of the communications center and purchase of necessary equipment. Under the terms of the bond resolution, the City must own the building. The District will make impact payments to the City in the amount of the annual debt service requirements on the bonds. Impact payments for the year ended June 30, 2016 totaled \$87,550.

NOTE 8 - Retirement Plan

General Information about the Pension Plan

Plan Description - Employees of Bradley County "911" Emergency Communications District are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided - Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 8 – Retirement Plan (continued)

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms - At the measurement date of June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to but not yet receiving benefits	20
Active employees	<u>27</u>
	<u>54</u>

Contributions - Employees do not contribute to the plan. Bradley County "911" Emergency Communications District makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Bradley County "911" Emergency Communications District were \$80,981 based on a rate of 7.02% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Bradley County "911" Emergency Communications District's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Bradley County "911" Emergency Communications District's net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 8 – Retirement Plan (continued)

Actuarial Assumptions - The total pension liability as of June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 8 – Retirement Plan (continued)

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Bradley County "911" Emergency Communications District will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 9 – Retirement Plan (continued)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 6/30/14	\$ 2,037,781	\$ 2,213,624	\$ (175,843)
Changes for the year:			-
Service cost	69,044	-	69,044
Interest	156,947	-	156,947
Differences between expected and actual experience	8,795	-	8,795
Contributions - employer	-	80,981	(80,981)
Net investment income	-	68,963	(68,963)
Benefit payments, including refunds of employee contributions	(28,385)	(28,385)	-
Administrative expense	-	(1,553)	1,553
Net changes	<u>206,401</u>	<u>120,006</u>	<u>86,395</u>
Balance at 6/30/15	<u>\$ 2,244,182</u>	<u>\$ 2,333,630</u>	<u>\$ (89,448)</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate - The following presents the net pension liability (asset) of Bradley County "911" Emergency Communications District calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1- percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Bradley County "911" Emergency Communications District's net pension liability (asset)	\$ 363,807	\$ (89,448)	\$ (450,627)

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 8 – Retirement Plan (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Expense - For the year ended June 30, 2016, Bradley County "911" Emergency Communications District recognized pension expense of \$50,092.

Deferred outflows of resources and deferred inflows of resources - For the year ended June 30, 2016, Bradley County "911" Emergency Communications District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 26,715	\$ -
Net difference between projected and actual earnings on pension plan investments	79,178	100,740
Contributions subsequent to the measurement date of June 30, 2015	83,733	
Total	<u>\$ 189,626</u>	<u>\$ 100,740</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2017	\$ (9,516)
2018	(9,516)
2019	(9,516)
2020	24,064
2021	4,269
Thereafter	5,368

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan - At June 30, 2016, Bradley County "911" Emergency Communications District reported a payable of \$7,043 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2016.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 9 – Postemployment Benefits

Plan Description

The District provides postretirement medical, dental, vision and life insurance benefits to employees who retire from the District with 25 years of service, or age 55 with 10 years of service. Medical benefits are provided using a PPO Network S plan through Blue Cross/Blue Shield, or BCBS Blue Advantage if Medicare eligible. Dental and vision benefits are fully insured through Blue Cross/Blue Shield. Lincoln Life Insurance provides a flat \$10,000 of life insurance benefits. The following schedule applies to employees with over 10 years of service. Additionally, the District will reimburse the \$2,000 deductible to the retiree and the retiree's spouse through an HRA. If the retiree has family coverage, the District will pay half the difference between the cost of the family plan and the cost of the individual plan. There is surviving spouse coverage for up to three years following the death of an employee.

<u>Years of Service At Retirement</u>	<u>Percentage of Premium Paid by Participant</u>
<15	100.00%
15	50.00%
16	46.67%
17	40.33%
18	40.00%
19	36.67%
20	33.33%
21	30.00%
22	26.67%
23	23.33%
24	20.00%
25	16.67%
26	13.33%
27	10.00%
28	6.67%
29	3.33%
30+	0.00%

Funding Policy and Annual OPEB Cost

The District's annual other postemployment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The Districts annual OPEB cost for the current year are as follows:

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 9 – Postemployment Benefits (continued)

Annual Required Contribution (ARC)	\$145,155
Interest on net OPEB obligation	26,391
Adjust to annual required contribution	<u>(32,470)</u>
Annual OPEB cost (expense)	139,076
Contribution made	<u>(13,356)</u>
Increase in net OPEB obligation	125,720
Net OPEB obligation – June 30, 2015	<u>659,796</u>
Net OPEB obligation – June 30, 2016	<u>\$785,516</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ending 2016 is as follows:

Fiscal Year <u>Ending</u>	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/14	\$136,928	9.3%	\$530,523
6/30/15	\$144,276	10.4%	\$659,796
6/30/16	\$139,076	9.6%	\$785,516

Funded Status and Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (AAL) ((b-a)/c)
7/1/2015	\$ -	\$ 1,148,452	\$ 1,148,452	0.00%	\$ 1,182,140	97.15%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 9 – Postemployment Benefits (continued)

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing the costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2015 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.00% funding interest rate. The 2015 medical cost trend rate used was 9% with an ultimate medical cost trend rate of 5% projected to be reached in 2019. The annual payroll growth rate is assumed to be 2.5%. The remaining amortization period for the unlimited actuarial accrued liability as of June 30, 2016 is 24.02 years.

REQUIRED SUPPLEMENTARY
INFORMATION

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
June 30, 2016

	<u>2014</u>	<u>2015</u>
Total pension liability		
Service cost	\$ 69,191	\$ 69,044
Interest	141,377	156,947
Changes in benefit terms	-	-
Differences between actual & expected experience	25,359	8,795
Change of assumptions	-	-
Benefit payments, including refunds of employee contributions	(27,967)	(28,385)
Net change in total pension liability	<u>207,960</u>	<u>206,401</u>
Total pension liability-beginning	<u>1,829,821</u>	<u>2,037,781</u>
Total pension liability-ending (a)	<u><u>\$ 2,037,781</u></u>	<u><u>\$ 2,244,182</u></u>
 Plan fiduciary net position		
Contributions-employer	\$ 143,940	\$ 80,981
Contributions-employee	-	-
Net investment income	306,616	68,963
Benefit payments, including refunds of employee contributions	(27,967)	(28,385)
Administrative expense	(1,060)	(1,553)
Net change in plan fiduciary net position	<u>421,529</u>	<u>120,006</u>
Plan fiduciary net position-beginning	<u>1,792,095</u>	<u>2,213,624</u>
Plan fiduciary net position-ending (b)	<u><u>\$ 2,213,624</u></u>	<u><u>\$ 2,333,630</u></u>
 Net Pension Liability (asset)-ending (a) – (b)	<u><u>\$ (175,843)</u></u>	<u><u>\$ (89,448)</u></u>
 Plan fiduciary net position as a percentage of total pension liability	108.63%	103.99%
 Covered-employee payroll	\$ 1,127,172	\$ 1,153,579
 Net pension liability (asset) as a percentage of covered-employee payroll	-15.60%	-7.75%

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE
PENSION PLAN OF TCRS
June 30, 2016

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 143,940	\$ 80,981	\$ 83,733
Contributions in relation to the actuarially determined contribution	<u>143,940</u>	<u>80,981</u>	<u>83,733</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,127,172	\$ 1,153,579	\$ 1,062,405
Contributions as a percentage covered employee payroll	12.77%	7.02%	7.88%

Notes to Schedule

Valuation date

Actuarially determined contribution rates for 2016 were calculated based on the July 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	1 year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment Rate of Return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.5 percent

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
 SCHEDULE OF POSTEMPLOYMENT BENEFITS FUNDING PROGRESS
 June 30, 2016

Postemployment Benefits

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (AAL) ((b-a)/c)
7/1/2011	\$ -	\$ 697	\$ 697	0.00%	\$ 1,185	58.82%
7/1/2013	\$ -	\$ 1,063	\$ 1,063	0.00%	\$ 1,144	92.92%
7/1/2015	\$ -	\$ 1,148	\$ 1,148	0.00%	\$ 1,182	97.12%

SUPPLEMENTARY INFORMATION

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
BUDGET COMPARISON SCHEDULE
For the Year Ended June 30, 2016

	Actual (Accrual Basis)	Budget (Accrual Basis)	Variance (Over) Under
<u>OPERATING REVENUES</u>			
TECB distribution of 911 surcharges	\$ 1,292,694	\$ 1,292,694	\$ -
TECB distribution of excess revenue	24,906	24,906	-
Tower rental income	30,300	30,300	-
Cleveland State income	17,604	17,600	(4)
Miscellaneous income	625	625	-
Total Operating Revenues	<u>1,366,129</u>	<u>1,366,125</u>	<u>(4)</u>
<u>OPERATING EXPENSES</u>			
<u>Salaries and Wages</u>			
Director	80,827	82,500	1,673
Administrative personnel	124,455	127,321	2,866
Assistant director	56,311	57,900	1,589
Dispatchers/telecommunicators/calltakers	602,635	639,100	36,465
Dispatch supervisor personnel	131,647	135,393	3,746
Mapping/address personnel	33,515	35,200	1,685
NCIC personnel	42,085	43,386	1,301
Overtime	107,495	112,000	4,505
Bonuses	2,707	3,500	793
Supplemental pay	4,870	8,000	3,130
Longevity pay	19,598	20,200	602
Sold vacation pay	11,437	12,500	1,063
College pay	750	750	-
Total Salaries and Wages	<u>1,218,332</u>	<u>1,277,750</u>	<u>59,418</u>
<u>Employee Benefits</u>			
Social security	72,854	78,900	6,046
Medicare	17,038	19,000	1,962
Life insurance	11,332	16,500	5,168
Medical insurance	150,771	191,497	40,726
Dental insurance	11,177	16,844	5,667
Vision insurance	3,187	4,894	1,707
Unemployment compensation	-	1,000	1,000
Retirement/pension expense	50,092	89,800	39,708
Postemployment health benefit expense	125,720	137,000	11,280
Other postemployment benefits	14,307	15,265	958
Education reimbursement	-	1,500	1,500
Workers compensation claims	-	900	900
Laundry and dry cleaning	755	1,500	745
Employee assistance program	-	900	900
Flexible spending program	3,579	4,500	921
Total Employee Benefits	<u>460,812</u>	<u>580,000</u>	<u>119,188</u>

(Continued on next page)

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT

BUDGET COMPARISON SCHEDULE

For the Year Ended June 30, 2016

(continued from previous page)

	Actual (Accrual Basis)	Budget (Accrual Basis)	Variance (Over) Under
<u>Contracted Services</u>			
Audit services	8,500	9,000	500
Contracts for language interpreting	326	300	(26)
Fees paid to service providers	59,669	65,000	5,331
Impact payments to government agencies	87,550	88,000	450
Janitorial services	7,595	9,000	1,405
Legal services	8,880	9,000	120
Actuarial services	-	3,000	3,000
Maintenance agreements	85,131	85,315	184
NCIC/TBI/TIES expenses	7,788	10,000	2,212
Pest control	-	500	500
Printing	861	2,000	1,139
Computer system administration	113,994	114,000	6
Radio maintenance	6,000	6,000	-
Lease/Rental - communications equipment	2,400	2,400	-
Total Contracted Services	<u>388,694</u>	<u>403,515</u>	<u>14,821</u>
<u>Supplies and Materials</u>			
Office supplies	7,647	8,000	353
Janitorial supplies	4,530	5,000	470
Postage	705	800	95
Equipment purchases not capitalized	7,902	10,000	2,098
Uniforms and shirts	5,026	6,500	1,474
Utilities - electric	14,546	17,600	3,054
Utilities - general telephone	21,005	22,800	1,795
Utilities - cell phone and pagers	11,097	19,000	7,903
Maintenance and repairs - communications equipment	4,140	5,000	860
Maintenance and repairs - buildings and facilities	5,842	11,100	5,258
Maintenance and repairs - office equipment	4,963	6,000	1,037
Donations - telecommunicator week	50	50	-
Computer software	837	1,000	163
Breakroom supplies	3,036	3,700	664
Safety supplies	1,008	1,500	492
Miscellaneous expense	1,922	2,500	578
Total Supplies and Materials	<u>94,256</u>	<u>120,550</u>	<u>26,294</u>

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
BUDGET COMPARISON SCHEDULE
For the Year Ended June 30, 2016
(continued from previous page)

	Actual (Accrual Basis)	Budget (Accrual Basis)	Variance (Over) Under
<u>Other Charges</u>			
Dues and memberships	3,558	4,000	442
Employee testing and exams	4,196	5,000	804
Insurance - workers compensation	7,466	8,885	1,419
Insurance - liability	7,665	7,700	35
Insurance - buildings and content	3,681	3,700	19
Insurance - equipment	6,709	6,800	91
Insurance - vehicles	483	500	17
Premiums on surety bonds	3,689	3,900	211
Service awards	350	500	150
Training expense	5,831	7,000	1,169
Travel expenses	12,891	15,000	2,109
Advertising	917	2,000	1,083
Work sessions	1,442	1,500	58
Total Other Charges	<u>58,878</u>	<u>66,485</u>	<u>7,607</u>
<u>Depreciation</u>			
Depreciation expense	<u>111,175</u>	<u>158,000</u>	<u>46,825</u>
Total Depreciation	<u>111,175</u>	<u>158,000</u>	<u>46,825</u>
 Total Operating Expenses	 <u>2,332,147</u>	 <u>2,606,300</u>	 <u>274,153</u>
 Operating Loss	 <u>(966,018)</u>	 <u>(1,240,175)</u>	 <u>274,157</u>
<u>NON-OPERATING REVENUES / (EXPENSES)</u>			
Interest income	4,249	4,190	(59)
Contributions from primary government	900,000	900,000	-
Contributions from other governments/agencies	9,090	9,090	-
Loss on disposal of property	<u>(7,643)</u>	<u>-</u>	<u>7,643</u>
Non-Operating Revenue / Expense	<u>905,696</u>	<u>913,280</u>	<u>7,584</u>
 Change in Net Position	 <u>\$ (60,322)</u>	 <u>\$ (326,895)</u>	 <u>\$ 266,573</u>

INTERNAL CONTROL
AND COMPLIANCE SECTION

HARTING, BISHOP & ARRENDALE, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

KELVIN W. BISHOP, CPA
THOMAS H. ARRENDALE, CPA, MBA
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MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
TENNESSEE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Bradley County "911" Emergency
Communications District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bradley County "911" Emergency Communications District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Bradley County "911" Emergency Communications District's basic financial statements and have issued our report thereon dated October 7, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bradley County "911" Emergency Communications District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

Compliance and Other Matters

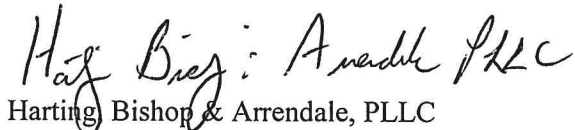
As part of obtaining reasonable assurance about whether the Bradley County "911" Emergency Communications District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2016-001.

The District's Response to Findings

Bradley County "911" Emergency Communications District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Harting Bishop & Arrendale, PLLC".

Harting Bishop & Arrendale, PLLC

Cleveland, Tennessee

October 7, 2016

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2016

The findings and responses as a result of the audit of Bradley County "911" Emergency Communications District are presented below. This finding is repeated from the prior year.

2016-001: Budget

Original Finding Number: 2010-001

Condition and Criteria: The District is required to maintain expenditures within budget amounts. Budget line items were over expended.

Effect: District has made expenditures in excess of the amounts budgeted.

Cause: The District had two accounts with expenditures in excess of the budgeted amounts.

Recommendation: We recommend the District maintain the approved budget to ensure expenditures remain within budget.

Management Response: We agree with the auditors' findings and recommendations and have implemented budget procedures to ensure expenditures are budgeted and budgets are properly amended.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2016

2015-001: Budget

Original Finding Number: 2010-001

Condition and Criteria: The District is required to maintain expenditures within budget amounts. A budget line item was over expended.

Effect: District has made expenditures in excess of the amounts budgeted.

Cause: The District had one account that had expenditures in excess of the budgeted amount.

Recommendation: We recommend the District maintain the approved budget to ensure expenditures remain within budget.

Current Status: The finding is repeated for the year ended June 30, 2016.